



[Billing Code: 6750-01S]

FEDERAL TRADE COMMISSION

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request

AGENCY: Federal Trade Commission.

ACTION: Notice and request for comment.

SUMMARY: The Federal Trade Commission (“FTC” or “Commission”) requests that the Office of Management and Budget (“OMB”) extend for an additional three years the current Paperwork Reduction Act (“PRA”) clearance for information collection requirements in its “Used Motor Vehicle Trade Regulation Rule” (“Used Car Rule” or “Rule”), which applies to used vehicle dealers. The existing clearance expires on December 31, 2019.

DATES: Comments must be submitted on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Comments in response to this notice should be submitted to the OMB Desk Officer for the Federal Trade Commission within 30 days of this notice. You may submit comments using any of the following methods:

Electronic: Write “Used Car Rule, PRA Comment, FTC File No. P137606,” on your comment and file your comment online at <https://www.regulations.gov>, by following the instructions on the web-based form.

Email: MBX.OMB.OIRA.Submission@OMB.eop.gov.

Mail: Office of Information and Regulatory Affairs, Office of Management and Budget,
Attention: Desk Officer for the Federal Trade Commission, New Executive Office Building,
Docket Library, Room 10102, 725 17th Street NW, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Elizabeth Scott, (312) 960-5609, Attorney, Midwest Region, Federal Trade Commission, 230 South Dearborn Street, Suite 3030, Chicago, IL 60604.

SUPPLEMENTARY INFORMATION:

Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the FTC has submitted to the Office of Management and Budget (“OMB”) this request for extension of the previously approved collection of information discussed below.

Title: Used Motor Vehicle Trade Regulation Rule

OMB Control Number: 3084-0108

Type of Review: Extension of currently approved collection

Estimated Total Annual Hours Burden: 2,368,993

The component tasks associated with the Rule’s required display of Buyers Guides include: (1) ordering and stocking Buyers Guides; (2) entering data on Buyers Guides; (3) displaying the Buyers Guides on vehicles; (4) revising Buyers Guides as necessary; and (5) complying with the Rule’s requirements for sales conducted in Spanish.

1. *Ordering and Stocking Buyers Guides:* Staff has estimated that used car dealers should need no more than an average of two hours per year to obtain Buyers Guides, which are readily available from many commercial printers or can be produced by an office word-processing or desk-top publishing system.¹ Based on an estimated population of 53,779 dealers, the annual hours burden for producing or obtaining and stocking Buyers Guides is 107,558 hours.

2. *Entering Data on Buyers Guides:* Staff estimates that dealers will require an

¹ Buyers Guides are also available online from the FTC’s Web site, www.ftc.gov, at <http://business.ftc.gov/selected-industries/automobiles>.

average of two minutes per Buyers Guide to enter applicable data on Buyers Guides. For used cars sold under warranty, the time required to check the “Warranty” box and to add warranty information, such as the additional information required in the Percentage of Labor/Parts and the Systems Covered/Duration sections of the Buyers Guide, will depend on whether the dealer uses a manual or automated process or Buyers Guides that are pre-printed with the dealer’s standard warranty terms. Staff estimates that these tasks will take an average of one additional minute, i.e., cumulatively, an average total time of three minutes for each used car sold under warranty.

Staff estimates that dealers sell approximately fifty percent of used cars “as is” and the other half under warranty. Therefore, staff estimates that the overall time required to enter data on Buyers Guides consists of 486,906 hours for used cars sold without a warranty (29,214,371 vehicles \times 50% \times 2 minutes per vehicle) and 730,359 hours for used cars sold under warranty (29,214,371 vehicles \times 50% \times 3 minutes per vehicle) for a cumulative estimated total of 1,217,265 hours.

3. *Displaying Buyers Guides on Vehicles:* Although the time required to display the Buyers Guides on each used car may vary, FTC staff estimates that dealers will spend an average of 1.75 minutes per vehicle to match the correct Buyers Guide to the vehicle and to display it on the vehicle. The estimated burden associated with this task is approximately 852,086 hours for the estimated 29,214,371 vehicles sold annually (29,214,371 vehicles \times 1.75 minutes per vehicle).

4. *Revising Buyers Guides as Necessary:* If negotiations between the buyer and seller over warranty coverage produce a sale on terms other than those originally entered on the Buyers Guide, the dealer must revise the Buyers Guide to reflect the actual terms of sale. According to the original rulemaking record, bargaining over warranty coverage rarely occurs.

Staff notes that consumers often do not need to negotiate over warranty coverage because they can find vehicles that are offered with the desired warranty coverage online or in other ways before ever contacting a dealer. Accordingly, staff assumes that dealers will revise the Buyers Guide in no more than two percent of sales, with an average time of two minutes per revision. Therefore, staff estimates that dealers annually will spend approximately 19,476 hours revising Buyers Guides (29,214,371 vehicles \times 2% \times 2 minutes per vehicle).

5. *Spanish Language Sales:* The Rule requires dealers to make contract disclosures in Spanish if the dealer conducts a sale in Spanish.² The Rule permits displaying both an English and a Spanish language Buyers Guide to comply with this requirement.³ Many dealers with large numbers of Spanish-speaking customers likely will post both English and Spanish Buyers Guides to avoid potential compliance violations.

Calculations from United States Census Bureau surveys indicate that approximately 5.4 percent of the United States population speaks Spanish at home, without also speaking fluent English.⁴ Staff therefore projects that dealers will conduct approximately 5.4 percent of used car sales in Spanish. Dealers will incur the additional burden of completing and displaying a second Buyers Guide in 5.4 percent of sales assuming that dealers choose to comply with the Rule by posting both English and Spanish Buyers Guides. The annual hours burden associated with completing and displaying Buyers Guides is 2,069,351 hours (1,217,265 hours for entering data

² 16 CFR 455.5.

³ *Id.*

⁴ U.S. Census Bureau, TableB16001. *Language Spoken at Home. 2017 American Community Survey 1-Year Estimates*, available at: https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_11_1YR_B16001&prodType=table (last visited June 7, 2019) (5.4% of the United States population 5 years or older who speaks Spanish or Spanish Creole in the home speaks English less than “very well.”).

on Buyers Guides + 852,086 hours for displaying Buyers Guides). Therefore, staff estimates that the additional burden caused by the Rule's requirement that dealers display Spanish language Buyers Guides when conducting sales in Spanish is 111,745 hours (2,069,351 hours \times 5.4% of sales). The other components of the annual hours burden, i.e., purchasing Buyers Guides and revising them for changes in warranty coverage, remain unchanged.

6. *Optional Disclosures of Non-Dealer Warranties:* The Rule does not require dealers to disclose information about non-dealer warranties, but provides dealers with the options to disclose such warranties on Buyers Guides. FTC staff has estimated that dealers will make the optional disclosures on 25% of used cars offered for sale. Staff believes that checking the optional boxes to disclose a non-dealer warranty should require dealers no more than 30 seconds per vehicle. Accordingly, based on 29,214,371 used cars sold, staff estimates that making the optional disclosures entails a burden of 60,863 hours (25% \times 29,214,371 vehicles sold \times 1/120 hour per vehicle).

Annual labor cost: \$40,083,362

FTC staff's labor cost estimates are derived by applying appropriate hourly cost figures to the burden hours described above. Staff has determined that all of the tasks associated with ordering forms, entering data on Buyers Guides, posting Buyers Guides on vehicles, and revising them as needed, including the corresponding tasks associated with Spanish Buyers Guides and providing optional disclosures about non-dealer warranties, are typically done by clerical or low-level administrative personnel. Using a clerical cost rate of \$16.92 per hour⁵ and an estimated

⁵ The hourly rate is based on the Bureau of Labor Statistics estimate of the mean hourly wage for office clerks, general. *Occupational Employment and Wages, May 2018, 43-9061 Office Clerks, General*, available at: <https://www.bls.gov/oes/current/oes439061.htm#nat>.

burden of 2,368,993 hours for disclosure requirements, the total labor cost burden is \$40,083,362 (\$16.92 per hour × 2,368,993 hours).

Request for Comment:

On August 8, 2019, the Commission sought comment on the information collection requirements associated with the Used Car Rule. 84 FR 38979 (Aug. 8, 2019). No relevant comments were received. Pursuant to the OMB regulations, 5 CFR Part 1320, that implement the PRA, 44 U.S.C. 3501 et seq., the FTC is providing this second opportunity for public comment while seeking OMB approval to renew the pre-existing clearance for those information collection requirements. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number.

Your comment – including your name and your state – will be placed on the public record of this proceeding. Because your comment will be made public, you are solely responsible for making sure that your comment does not include any sensitive personal information, like anyone’s Social Security number, date of birth, driver’s license number or other state identification number or foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, like medical records or other individually identifiable health information. In addition, do not include any “[t]rade secret or any commercial or financial information which is . . . privileged or confidential” as provided in Section 6(f) of the FTC Act 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16CFR 4.10(a)(2). In particular, do not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns devices, manufacturing processes, or customer names.

Heather Hipsley

Deputy General Counsel.

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